

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

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PETER OPPENEER
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WD OF WI

UNITED STATES OF AMERICA

INFORMATION

v.

Case No. **21 CR 046 WMC**
18 U.S.C. § 666(a)(1)(A)
18 U.S.C. § 2

EDITH SCHMUCK,

Defendant.

THE UNITED STATES ATTORNEY CHARGES:

COUNT 1

1. Ain Dah Ing (ADI) operated as a non-profit halfway house in Spooner, Wisconsin since 1971. ADI offered mental health and alcohol and substance abuse services to Native Americans from Michigan, Minnesota, and Wisconsin tribes. ADI offered a 90-day program at its 15-bed Community Based Residential Facility in Spooner, Wisconsin (which was formerly located in Shell Lake, Wisconsin). ADI also operated a business office located in Shell Lake, Wisconsin.
2. ADI's funding came from a federal commercial contract with the U.S. Department of Health and Human Services, Public Health Service, Indian Health Services division (IHS). The Bemidji, MN office of IHS managed the federal contract with ADI and the disbursements of federal funds to ADI. These disbursements were approved and made from the IHS office in Bemidji, MN and sent by ACH wire to ADI's bank account # xxx-4837 at Bremer Bank in Siren, Wisconsin. All checks issued by ADI

from its Bremer bank account required two signatures -- one of which always had to be the ADI Treasurer, and other being either the ADI Executive Director, or ADI bookkeeper.

3. Each year, ADI entered into a commercial contract with IHS to receive the federal funds and perform the alcohol and substance abuse services in a halfway house setting. ADI filed financial reports on a quarterly basis with IHS. These reports tracked ADI's monthly expenditures of the federal funds, including: payroll, benefits, mileage reimbursements, supplies, repair and maintenance costs, utilities, rent, and food provided to the halfway house residents. The quarterly financial reports also contained monthly progress reports on the various programs and services offered to the ADI residents. The quarterly reports also included the minutes from the ADI Board of Directors meetings. The quarterly financial reports were prepared by ADI's bookkeeper and signed by ADI's Executive Director before being sent to the IHS office in Bemidji.

4. Defendant EDITH SCHMUCK worked as the bookkeeper at ADI from January 2, 1990 to May 26, 2017. Her duties as the bookkeeper included doing the banking, processing payroll, paying bills, and maintaining the general ledger.

5. SCHMUCK reported to the ADI Executive Director, who reported to a nine-member Board of Directors who had overall oversight responsibility for ADI. The Board was comprised of tribal members from the Lac Courte Oreilles Indian Reservation and the St. Croix Indian Reservation. Members of the ADI Board reviewed all cancelled ADI accounts payable checks and reconciled them to ADI's general ledger

account. The ADI Board were not shown the ADI payroll checks and did not reconcile those to ADI's general ledger.

6. From in or about January 2006 to in or about May 2017, in the Western District of Wisconsin and elsewhere, the defendant,

EDITH SCHMUCK,

being an agent of ADI, which was an organization and agency that received in a one-year period beginning in 2006 in excess of \$10,000 in federal funds from the United States Department of Health and Human Services, as administered by the IHS office in Bemidji, MN, embezzled property worth at least \$5,000, which was under the custody and control of ADI. More specifically, SCHMUCK embezzled funds from ADI by paying herself over \$393,000 in unauthorized bonuses via ADI payroll checks using a rubber stamp of the ADI Treasurer's signature.

(All in violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2).

5-3-2021

Date


TIMOTHY M. O'SHEA
Acting United States Attorney